FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019064218702

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Camille Cordova (Respondent)
Former Investment Company and Variable Contracts Products Representative
CRD No. 6734084

Pursuant to FINRA Rule 9216, Respondent Camille Cordova submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

From April 2017 to June 2019, Cordova was registered with FINRA as an Investment Company and Variable Contracts Products Representative through an association with Equitable Advisors, LLC (CRD No. 6627). Cordova voluntarily terminated her association with Equitable Advisors in June 2019. From June 2019 to January 2022, Cordova was registered with FINRA in that same capacity through an association with another member firm. On January 27, 2022, that member firm filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that Cordova's association had been voluntarily terminated.

Cordova is not currently registered or associated with a FINRA member. However, she remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.[1]

OVERVIEW

In approximately April 2018, Cordova and another registered representative at Equitable Advisors (Broker A) recommended that a customer purchase a deferred variable annuity and fund the purchase through two withdrawals from an indexed annuity that the customer owned, which resulted in a significant tax liability for the customer. Cordova's

[1] For more information about the Respondent, visit BrokerCheck® at www finra.org/brokercheck.

recommendations were not suitable for the customer because the recommendations did not take into account the customer's tax status and the tax consequences of the transaction. As a result, Cordova violated FINRA Rules 2111 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a tip to the FINRA Securities Helpline for Seniors.

FINRA Rule 2111(a) states that "[a] member or an associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile." FINRA Rule 2111(a) further provides that "[a] customer's investment profile includes, but is not limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the member or associated person in connection with such recommendation."

The FINRA Rule 2111 Supplementary Material .05 provides that there are three main obligations associated with this Rule: reasonable-basis suitability, customer-specific suitability, and quantitative suitability. The customer-specific obligation "requires a member or associated person have a reasonable basis to believe that the recommendation is suitable for a particular customer based on that customer's investment profile, as delineated in Rule 2111(a)."

FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business A violation of FINRA Rule 2111 also constitutes a violation of FINRA Rule 2010.

In approximately April 2018, Cordova and Broker A recommended that a customer, a family trust formed by a senior married couple to aid in the distribution of their assets (the Trust), purchase a deferred variable annuity for approximately $540,000 and fund that purchase through two withdrawals from an indexed annuity owned by the Trust. Cordova completed and signed the application for the variable annuity as the primary financial professional.

Cordova and Broker A were aware that funding the purchase of the variable annuity with withdrawals from the Trust's existing indexed annuity could result in negative tax consequences for the Trust. Cordova and Broker A were also aware that their recommendation to purchase the variable annuity would not be suitable if it caused negative tax consequences for the Trust. However, neither Cordova nor Broker A researched how the Trust might be able to purchase the variable annuity without negative tax consequences.

Instead, Broker A recommended that the Trust withdraw funds from the indexed annuity via two checks payable to the Trust and immediate endorse the checks as payable to Equitable Advisors in order to fund the purchase of the variable annuity. Broker A

mistakenly believed that having the Trust immediately endorse the checks as payable to Equitable Advisors would avoid any adverse tax consequences, but Broker A did not confirm that belief. Cordova knew of, and acquiesced to, Broker A's funding recommendation without doing any of her own additional research. The withdrawal of the funds from the indexed annuity were, in fact, taxable events that resulted in negative tax consequences to the Trust. The adverse tax consequences could have been avoided if Cordova or Broker A had recommended the new variable annuity be purchased as a tax-free 1035 exchange,[2] but Cordova and Broker A also failed to research that option.

Cordova's recommendation was unsuitable because she did not take into account the Trust's tax status and the tax consequences of her recommendation, which caused the Trust to incur an unnecessary tax liability in connection with its purchase of the variable annuity.[3]

Therefore, Cordova violated FINRA Rules 2111 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a three-month suspension from associating with any FINRA member in all capacities; and
- a $5,000 fine.[4]

The fine shall be due and payable either immediately upon reassociation with a member firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

Respondent understands that if she is barred or suspended from associating with any FINRA member, she becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, she may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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[2] For an explanation of 1035 exchanges, please visit www finra.org/investors/variable-annuities.

[3] The firm has settled an arbitration claim brought by the Trust concerning the unsuitable recommendation.

[4] Restitution is not ordered because the firm compensated the Trust in connection with the settlement of the arbitration claim mentioned above.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

A. To have a complaint issued specifying the allegations against her;

B. To be notified of the complaint and have the opportunity to answer the allegations in writing;

C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and

D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;

B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and

C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;

2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;

3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and

4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that she may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

Respondent certifies that she has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce her to submit this AWC.

May 23, 2022

Date

Camille Cordova

Camille Cordova
Respondent

Reviewed by:

Timothy W. Fredricks

Timothy W. Fredricks
Counsel for Respondent
Winget Spadafora & Schwartzberg, LLP
1900 Avenue of the Stars, Suite 450
Los Angeles, CA 90067

Accepted by FINRA:

Signed on behalf of the
Director of ODA, by delegated authority

May 31, 2022

Date

Matthew Ryan

Matthew M. Ryan
Principal Counsel
FINRA
Department of Enforcement
1601 Market St., Suite 2700
Philadelphia, PA 19103-2339